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U.S. Weighs Alternatives In China's Debacle

As the military position of the National government of China in Nanking grew steadily worse, with Communist troops approaching the capital and surrounding the North China cities of Peiping and Tientsin, preparations for moving major government offices to Canton and other departments to Chungking were announced November 30. President Chiang Kai-shek, however, declared his intention of assuming personal command of the defense of the capital. C. L. Sulzberger of the *New York Times*, reported from Paris on December 4 that plans had been made to move the Nationalist government to Formosa in the event the military situation continued to deteriorate, but that some leading Chinese personalities would prefer to remain and accommodate themselves to a Communist regime in Nanking. Tsiang Ting-fu, head of the Chinese delegation to the UN, categorically denied this report in a statement on December 8.

U.S. Aid Policy

In the United States interest has focused on the kind of aid to be given China. According to a report issued on December 18 the United States has provided the Chinese government since V-J day with military supplies and equipment worth over \$2 billion. This sum includes \$728 million under lend-lease, and various types of military matériel, sold or transferred to the Chinese government, whose procurement value is placed well over \$1 billion. The Chinese, who paid for much of this equipment, although at rates far below original cost, claim that since much

of it had deteriorated, or was not available where needed, its actual use value was much less than the figure given would suggest.

The total for military aid also includes \$125 million under the ECA which, together with \$275 million for economic and rehabilitation purposes, constitutes China's share in the Marshall program. It should be noted, however, that President Truman's original recommendation called for \$570 million for China, all to be used for civilian purposes, of which \$463 million was authorized but only \$400 million appropriated. It has recently been reported that \$284 million of the total appropriation has now been authorized for specific purchases, and that all but \$8 million of the share for military aid has been spent, although there is no information available as to just how much has been actually delivered.

Conflicting Views on China

The question now is whether the United States should expand its aid program to the National government. The Control Yuan, a high Chinese elective body, appealed to Congress on December 14 for increased help, and it is reported that Mme. Chiang Kai-shek, who has been in this country since November 30, has asked for \$3 billion in a three-year program. Representative Chester E. Mellow, Republican, of New Hampshire, has announced that he will introduce legislation for this purpose in the next Congress. Another plea for immediate aid to the Nationalists was made by Congressman Walter Judd, Republican, of Min-

nesota, who declared on December 20 that Secretary of State Marshall was responsible for the present situation in China, but that "China can yet be saved" from communism.

In recent weeks, however, continuation of the previous type of support for the Nanking government has been called in question by spokesmen who have heretofore been this regime's most loyal friends. Thus *Life* magazine, a Luce publication, which on November 22 urged President Truman and his advisers to sustain any nationalist regime that might remain in China "with every means at their disposal," on December 6 published a report from Manfred Gottfried, chief of *Time-Life* foreign correspondents, saying that China was "very nearly lost." Mr. Gottfried noted that the Chinese of all classes had lost confidence in Chiang Kai-shek, attributing this primarily to the disastrous failure of the recent monetary reform as well as the military situation. Frank W. Price, a missionary long known for his sympathy with the Chiang government, wrote in *The Christian Century* December 15 that at the present time all-out military aid to Nanking would fail, and would only increase the bitterness toward this country of non-Communists who were overwhelmingly disillusioned with the Nationalist regime, as well as aggravate the hostility of the Communists. It is generally thought that government troops now retreating before the Communists are better armed than their opponents, and that what they lack are morale and leadership rather than matériel. In Nanking, however, according to a Nan-

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king despatch on December 20, top Kuomintang officials sought American aid not so much to defeat the Communists as to "stabilize" the fighting in the hope of ending the war by negotiation rather than capitulation.

Communist Intentions

Failing decisive intervention to maintain the present government, what will the conquest of power by the Communists, as now seems likely,* mean for the future? There has been little agreement in the various forecasts so far made as to what a Communist regime would do in China. Recent statements of Mao Tse-tung, leader and founder of the Chinese Communist party, leave no doubt, that his group adheres to Marxism-Leninism and supports the U.S.S.R. It is expected, however, that in practice the policy followed by the Chinese Communists will prove both flexible and moderate, for two reasons: 1) according to Mao's analysis, China is in a "feudal" stage of development which demands agrarian reform and encouragement of capitalist enterprise on the model of the NEP in Russia in the '20s; and 2) the necessities of actual administration may force various compromises with the theoretical program. For example, not only would the vast bulk of peasant supporters of the Communists act as a brake on extremist policies such as collectivization but, should a coalition government be formed, the non-Communists in the administration might to some extent check the Communists. Even if the Communists seize the rest of China by military action, they are likely to associate non-Communists with themselves in the government in order to gain needed personnel with administrative and technical experience and to conciliate hostile elements in the

population. Admittedly, however, members of such a coalition could readily be removed one by one as the dominant party desired.

For this reason some observers have been hoping that a more liberal regime could be formed in Nanking which would negotiate for peace and a coalition government including the Communists. Such a development might conceivably balance the power of the Communists in such a way as to prevent extremist policies and protect those Chinese who are friendly to the United States.

A coalition of this character would not only provide a chance for the maintenance of traditional American-Chinese friendship, but might also prevent the emergence of some extremely difficult problems for American foreign policy. Such problems would arise should the United States find itself recognizing as the government of China a rump regime with only local authority, while the bulk of the country was in the hands of the Communists. Washington would then have no means of protecting the interests of American businessmen and missionaries, considerable numbers of whom have indicated their intention of staying at their posts until driven out. Should Britain—as seems possible from a London report of December 15—deal with the new government, and should recognition be granted by other nations as well as the Soviet Union, not only would the American position in China become awkward, but embarrassing questions would be raised in the UN Security Council with reference to the representation of China. It is also unlikely that a purely Communist regime would assume the obligations of the Chinese state toward the United States—treaties, loans, and so forth—concluded by the previous government. Should a successor government to the Nanking regime form a coalition,

these problems might conceivably be obviated.

Chances of Coalition

In assessing the possibilities of such a development, it should be noted that considerable pressure has already been put upon President Chiang to resign in favor of some leader who would be acceptable to the Communists. The names of Vice President Li Tsung-jen who was recently elected in opposition to the generalissimo's candidate, and the distinguished scholar Hu Shih who arrived in Nanking on December 15, have been put forward in this connection. Dissident generals now, or recently, in Hong Kong, might also play a role in a coalition move.

The Communists, for their part, would have much to gain by a coalition. It would give them immediate influence over all of China without the cost of continued civil war and economic disruption. It would also mean international legitimacy, a seat in the UN, and the accompanying advantages of recognized status. The cost would be dilution of their program, a sharing of power with former enemies, and the prospects of a future struggle for complete power within the government itself. If opposition should show signs of quick collapse, they might prefer to risk civil war for the chances of complete control in the near future.

Under these circumstances increased American aid to Chiang or complete desertion of his government would play into the Communists' hands. Some observers feel that an intermediate course which favored middle groups and coalition, while not accepting commitments to any faction for the time being, and left a free hand for the future, might best serve the long-run interests of both the United States and China.

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*See *Foreign Policy Bulletin*, November 19, 1948.

Costa Rican Crisis Exposes Central American Feuds

The long-smouldering Central American feud flared on December 11 with the reported "invasion" of Costa Rica from Nicaraguan soil, and provided the occasion for the first resort to the Rio de Janeiro Inter-American Treaty for Reciprocal Assistance. By what may or may not have been a coincidence, this agreement became operative just a week before the trouble arose, on December 3, when Costa Rica deposited its ratification in

Washington and completed the two-thirds majority of American states necessary to enforce the treaty.* The Costa Rican government of José Figueres on December 13 placed the case before the Council of the Organization of the American States (OAS). Under the new Charter of the American States drawn up at the Bogotá conference last April, this body

See *Foreign Policy Bulletin*, December 12, 1948.

in the interval between meetings of the American Foreign Ministers may take cognizance of such situations. The Council, by a vote of 12 to 0, the Dominican Republic abstaining, immediately called for a meeting of the Foreign Ministers, and on December 14 ruled that a Commission of Inquiry be constituted to investigate the attitudes of the two governments involved, visit the border areas, and report its findings to the Council. When

it receives the Commission's report, the Council may call on Nicaragua and Costa Rica to avail themselves of the machinery for the pacific settlement of disputes, which was also perfected at the Bogotá conference. Or, if the situation proved sufficiently serious, that body, as the provisional Organ of Consultation, may decide to set in motion the collective security measures provided in the Rio treaty. In acquainting the UN Security Council with the new development, the Costa Rican government has also anticipated a third step envisaged in the treaty.

Charges and Countercharges

As the Commission of Inquiry penetrates below the facts of the case which called it into existence, a mass of old grudges, fears, personal feuds, and adventurism may be revealed. The Costa Rican government has reported that the invading forces—numbering between 200 or 300 and 1,000 men under the command of two aides of the deposed President of Costa Rica, Teodoro Picado, disembarked on the night of December 10-11 at a point on the bay of Salinas and took the little town of La Cruz. Among these forces, according to the Costa Ricans, are about 100 sympathizers of former President Rafael Calderón Guardia, who would be President of Costa Rica today if the opposition had not challenged last February's election returns. The remainder are said to be of various nationalities, including uniformed members of the Nicaraguan National Guard and alleged Mexican Communists. War Minister Anastasio Somoza, Nicaragua's strong man, at first denied that any invasion had taken place, then argued that the Nicaraguan National Guard, which his son now commands, was not implicated. The Costa Rican government on December 16 reported that the invasion had been "contained."

For Costa Rica, therefore, the year 1948 is closing as it began, with the prospect of violence. When the Picado government refused to honor the victory of Otilio Ulate, the opposition's candidate, his supporters revolted on March 12. The Communist Vanguardia Popular party supported, and toward the end of the civil war, dominated the Picado government. Ulate represented the businessmen, small landowners, and right-wing labor elements. During the hostilities Nicaragua and the Dominican Republic were believed to be helping Picado, Nicaragua with "volunteer" National Guardsmen; while the Arévalo government of Guate-

mala was reported as giving positive aid and comfort to the rebel forces under José Figueres. Washington intervened in the situation to call on the opposed forces in Costa Rica to reach a settlement, and let it be understood in Central American capitals that the United States would look with disfavor on any activity tending to prevent a settlement. After several weeks of fighting the Figueres forces were able to command approaches to the capital of San José, the members of the Picado government fled abroad, and the diplomatic corps negotiated a "constitutional" settlement which facilitated recognition of the new government by the United States. The rebels organized a junta, with Figueres at its head, and gave Ulate the title of President-elect, as well as rather vague assurances that he would assume the office to which he was elected sometime within the next two years.

Central America Balkanized

These events left the dictatorships in Nicaragua, Honduras, and the Dominican Republic ranged against the new reform-minded governments in Costa Rica and Guatemala with which the Cuban and Venezuelan governments had aligned themselves, principally because of their old enmity against Trujillo of the Dominican Republic. When Carlos Prío Socarras visited Venezuela as President-elect of Cuba last August, he agreed with Rómulo Betancourt, head of the Venezuelan Democratic Action party, that dictatorships in the Americas must disappear. During the Costa Rican revolution Dominican exiles transferred their base of operations and propaganda from Cuba, where a well-advanced plot to invade neighboring Santo Domingo had been discovered in 1947, to the mountains of Costa Rica. With what must have been the tacit consent of the Figueres Junta, they

there formed the Caribbean Legion, a miscellaneous force of political exiles and soldiers of fortune, possibly numbering 300. On August 14 the Dominican Republic formally accused Cuba before the OAS Council of planning an attack on its territory. In October, when the Caribbean Legion was reported to have shifted to the remote Guatemalan province of El Petén, on Nicaragua's northern border, Somoza assigned responsibility for "Central America's coming war" to President Arévalo of Guatemala. The fact that Costa Rica should now be the target of attack is particularly significant in light of the Junta's decree of December 3, dissolving the army, a measure received with some skepticism abroad.

If the invasion of Costa Rica constitutes a *bona fide* attack on the territory of a neighbor state, the Rio de Janeiro treaty has been rightly invoked. What is even more needed in a region like Central America, where wars have the character of sporadic civil struggles, are preventive measures designed to increase respect for the principle of peaceful transfer of power, rather than election by revolution, such as occurred recently in Peru and Venezuela, and on December 15 in El Salvador. Opinion here and in Latin America is increasingly coming to the conclusion that the policy of automatic recognition, to which the American Republics returned at Bogotá, has tended to encourage the most recent coups, and a subcommittee of the House Foreign Affairs Committee, recently returned from an extensive tour of South America, has recommended reconsideration of this policy. No less dangerous is the idea that democracy can be imposed, if necessary by force, by an outside power or group of powers.

OLIVE HOLMES

FPA Bookshelf

The European Recovery Program, by Seymour E. Harris. Cambridge, Harvard University Press, 1948. \$4.50

The author who is Professor of Economics at Harvard University and has already produced more than twenty books on economics, here analyzes and summarizes in concise form the wealth of documentary material which has appeared on the Marshall plan. Although somewhat technical at points, the book presents the chief factual data and information needed for an understanding of the ERP.

The Fortunate Islands: A Pacific Interlude, by Walter Karig, New York, Rinehart, 1948. \$3.75

Captain Karig toured Micronesia over a year ago and found the islands a paradise. He gives a delightful account, profusely illustrated by official Navy photographs, of the natives, the geography and the development of the islands.

The Diary of Pierre Laval. New York, Scribner, 1948. \$3.50

In prison, facing conviction and execution on charges of collaboration with Germany during his period of power under the Vichy regime, France's ex-prime minister set down from memory an account of his actions in an attempt to justify them. This "diary," which is supplemented by a documentary appendix, puts forward his claim that what he did saved France from far harsher treatment at the hands of the Nazis.

Rural Life in Argentina, by Carl C. Taylor. Baton Rouge, Louisiana State University, 1948. \$6.00

The first authoritative account in English of Argentine rural organization, this work by Dr. Taylor, a specialist in the United States Department of Agriculture, is especially pertinent today in a period of economic transition in Argentina.

The Miracle of France, by André Maurois. New York, Harper, 1948. \$5.00

The well-known French savant and biographer presents a companion volume to his *Miracle of England* and *Miracle of America* which, in his usual fluid style, traces the evolution of French civilization from its beginnings to modern times. While somewhat weak on the political, social and economic dynamics which have led France to its present condition, the account is strong in biographical material, local color, and urbane wit.

Essays on Freedom and Power, by Lord Acton. Selected, and with an introduction by Gertrude Himmelfarb. Boston, Beacon Press, 1948. \$5.00

The thinking reader will welcome this compilation of essays, long out of print, from the projected history of liberty which Lord Acton never found time to complete. These brilliant and evocative studies, the product of a mind which never permitted the clarity of its insights to be blunted by the wealth of its erudition, are especially timely today when the solution of the problems of power and morality, of freedom and responsibility, have assumed unprecedented importance.

Martin Fierro: Epic of the Argentine Gaucho, by José Hernandez, translated by Henry A. Holmes. New York, Columbia University, 1948. \$3.00

The epic poem of the Argentine plains and the men who rode them in an earlier day before fences went up, and the gauchos were crowded off, faithfully rendered into English prose by a pioneer student of Spanish American literature. An understanding of Martin Fierro, the heroic gaucho figure, is indispensable to knowledge of the "other Argentina" of the provinces and of the conflict inherent in Argentine society which is composed of a vigorous, freedom-loving people, proud of their history and jealous of their independence.

Marvellous Journey: Four Centuries of Brazilian Literature, by Samuel Putnam. New York, Knopf, 1948. \$4.00

A highly enjoyable excursion through the history of Portuguese America's literature from the writings of the earliest settlers, amazed by their discoveries in the New World, up to the present intensely creative age, which is marked by concern with social problems. The author is a noted scholar and translator in the field of Romance studies and the dean of critics of Brazilian literature.

Changing China, by Harrison Forman. New York, Crown, 1948. \$4.00

Harrison Forman, who has traveled extensively in China as a correspondent has written a *vade mecum* of information on the historical, social, economic, geographic, and cultural aspects of his subject. By-passing the current political struggle, he gives an abundance of facts, statistics and useful information which will prove helpful to the student of things Chinese.

The Big Circle, by Ho Yungchi. New York, Exposition Press, 1948. \$3.00

An account of the Burma campaign by an officer in the Chinese New First Army which emphasizes the role played by the Chinese, criticizes British policy, and attempts to dispel various myths about that episode of World War II.

Facts Behind the "Iron Curtain"

What is really going on behind the "Iron Curtain"? For the political facts of life in Bulgaria, Czechoslovakia, Hungary, Rumania and Yugoslavia as appraised by an authoritative observer, READ

POLITICAL TRENDS IN EASTERN EUROPE
by Andrew Gyorgy—Assistant Professor
of Political Science at Yale University
November 15 issue of

Foreign Policy Reports—25 cents
Subscription \$5; to FPA members, \$4.

World Political Geography, by G. Etzel Percy, Russell H. Fifield and Associates. New York, Crowell, 1948. \$6.50

In comprehensive fashion, with a wealth of factual data, special maps, and an exhaustive annotated bibliography, the authors have described the geographic environment, economic, demographic and cultural factors which condition, and frequently determine, the evolution of governments and nations. Separate chapters on each area and country written by experts in the field are preceded by a general section on the nature of political geography and followed by a section on special problems including the grand strategy of World War II and a look into the future.

The Allied Occupation of Japan, by Edwin M. Martin. Stanford, California, Stanford University Press and American Institute of Pacific Relations, 1948. \$3.00

The activities of the SCAP in Japan are clearly described in this brief study by the former Chief of Occupied Area Economic Affairs in the Department of State. The implementation of post-surrender policy, as defined in several basic documents which are included in the appendix, is analyzed in some detail, with particular emphasis upon economic problems.

MacArthur's Japan, by Russell Brines. New York, Lippincott, 1948. \$3.50

The story of Japan, interestingly written, from the surrender on September 2, 1945 to 1948, with particular stress upon the personal role of General MacArthur, by a correspondent who had previously recorded his experiences in a Japanese internment camp in *Until They Eat Stones*, and who in 1946 became chief of the Tokyo Bureau of the Associated Press.

The War We Lost: Yugoslavia's Tragedy and the Failure of the West, by Constantin Fotitch. New York, Viking, 1948. \$3.50

Mr. Fotitch, who served as Yugoslav Minister and Ambassador to the United States from 1935 to 1946, gives a spirited and frankly partisan account of the war and its aftermath as they affected his country. His defense of Michailovich against Tito and of Serbs as against Croats are just as vigorous as his criticisms of the policy of the Western powers, especially Britain which, in his opinion, opened the way to Communist victory in Yugoslavia.

News in the Making

The Eberstadt committee of the Hoover Commission on Reorganization of the Executive Branch of the Government, in a report issued on December 16, presented detailed and searching criticism not only of the national security organization, but also of the nation's thinking about the problems of modern defense. The "most disturbing aspect" of the national security organization, said the report, is the "enormous cost" of the national military establishment. The costs—currently about \$15 billion a year—"appear to be unduly high, in terms both of the ability of the economy to sustain them and of the actual return in military strength and effective national security." One of the conclusions reached by the committee is that "we can no longer attain a reasonable degree of national security unless the philosophy of waste yields to a philosophy of economy." . . . World reaction to the *Dutch paratroop operation* of December 19, in the course of which the Dutch seized Jogjakarta, capital of the Republic of Indonesia, and interned Indonesian leaders, was swift and strong. The United States called an emergency meeting of the UN Security Council on December 20, and the Indian Prime Minister Jawaharlal Nehru warned that Dutch action in Indonesia would have serious repercussions throughout Asia. . . . Despite the "cold war" which divides East and West politically, eastern and western countries of Europe are methodically working out their trade relations. *Norway and the Soviet Union* concluded a trade agreement on December 13 under which Norway is to deliver herring, fats and aluminum to Russia for three years in return for Russian grain. . . . On the same day the *U.S.S.R. and Italy* signed an agreement to carry out the reparations provisions of the Italian peace treaty, which calls for payment of \$100 million to Russia, as well as a commercial agreement providing for trade valued at about \$50 million a year for three years. Russia is to supply Italy with agricultural raw materials, iron ore, timber and fertilizer in exchange for industrial goods.

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